

**Testimony of
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**FINANCE, REVENUE AND BONDING COMMITTEE
PUBLIC HEARING**

Monday, February 9, 2009

**H.B. No. 6350 (RAISED) AN ACT ELIMINATING EXEMPTIONS FROM THE
SALES AND USE TAX AND LOWERING THE RATE OF SUCH TAX**

Good afternoon, Senator Daily, Representative Staples, my name is Anthony Setaro and I am the President of the Connecticut Car Wash Association and the owner of Jet Spray Car Wash in Watertown, Connecticut.

The Connecticut Car Wash Association is a non-profit professional organization that represents over 100 small, family- owned businesses that serve the professional carwash operators and industry throughout the state of Connecticut. We work hard to provide great customer service, reasonable prices and the use of environmentally friendly wash options for today's automobiles and their owners.

We are greatly concerned about the potential of adding the sales tax onto car washing services. We had previously experienced this situation for a few years in the early 1990's. Once the State Legislature learned about the unfair impact the tax was having on certain parts of the industry and not

others, the limited amount of revenue that it ended up collecting and the negative impact it brought upon our customers, they repealed it promptly.

Today I ask you to again consider the following issues related to this tax on our small, but important industry:

1. **Small Business** - The car wash tax will hurt a number of family owned small businesses compete during tough economic times. The car wash industry is made up of small, independent family owned businesses. The car wash business works on very small margins and re-imposing the tax would hurt many of these businesses.
2. **Logistical Nightmare** - The logistics of re-imposing the tax on car wash services will be large burden on both the state, businesses and consumers because of the mechanical nature of many of the systems. The car wash equipment in the industry is not designed to accept nickels, dimes or pennies and many of the operations do not have an attendant. To collect a sales tax is cost prohibitive for most car wash owners. Therefore a car wash sales tax would in reality be a gross receipts tax.
3. **Minimal Revenue Collection** - The amount of money raised by re-imposing the tax would be small and cause more harm than benefit. Most states do not tax car washes currently and many have that have tried have found it to be expensive to administer and that revenues were lower than anticipated.
4. **Double Taxation** - Car Wash operators already pay sales tax on many of the products that they purchase for the business and have to build these costs into our fixed price costs to our customers. Adding another tax on top of it would be in effect be "double-taxing" the customers.
5. **Equipment & Operational Differences** - The equipment utilized in the car washing industry varies greatly. In the case of self-service systems, they cannot collect the tax because of the mechanical coin acceptors can only accept quarters or dollars. Therefore, any tax imposed would simply come out of the operators pocket creating a tax burden that is not intended. In addition, some car washes do not have attendants and some do. Re-imposing the sales tax would lead to a two-tiered and unfair system of taxation.

6. **Employees** – Car Washes employ many entry-level workers who use the workplace opportunities that car washes provide to build a better life for them and their family. The re-imposition of the tax would impact the ability of many of the operators to continue employing them.
7. **Environmental** – Thanks to professional car washing facilities, which run safe, clean environmentally friendly operations, we've been able to help keep the environment clean by having people wash their cars in way that does not hurt the environment.

Thank you for the opportunity to testify before you today. I want to strongly urge you NOT to re-impose this unfair and burdensome tax on our industry. I would be happy to answer any questions you may have.